



OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: November 28, 2000

TO: Chairman

FROM: Inspector General

SUBJECT: FY 2001 Audit Plan

I have attached a copy of the Office of Inspector General (OIG) Audit Plan for FY 2001. The plan identifies Commission programs and operations that we are planning to schedule for audit during FY 2001. We have organized the plan into three categories: 1) ongoing activities; 2) planned audit activity; and 3) unscheduled activities. Items in the last category will be initiated only if time and resources are available.

The focus of our planned audit work will be the Commission's FY 2001 financial statement, security of the Commission's Information Technology (IT) infrastructure, IT capital investment planning, and auction budgeting and financial management. In addition, the OIG will continue to focus on Commission contractors by performing audit of timekeeping practices and incurred costs. Further, the OIG will follow-up on audits of IT security at the Consumer Center and management of the purchase card program.

We look forward to your continuing support.

H. Walker Feaster III

Attachment

FY 2001 Audit Plan

ONGOING AUDIT ACTIVITY FROM FY 2000

1. Audit of the Commission's FY 2000 Financial Statement
2. Audit of the Commission's Implementation of GPRA
3. Audit of Web Security
4. Audit of the Operational Efficiency of Commission Consumer Centers
5. Special Review of Common Carrier Bureau Oversight of USAC
6. Followup Special Review of the Collection System
7. Survey of Regulatory and Application Fee Collection
8. Survey of Accounts Payable Disbursements
9. Survey of Universal Licensing System
10. Survey of MDS/ITFS System

PLANNED AUDIT ACTIVITY IN FY 2001

1. Audit of the Commission's FY 2001 Financial Statement
2. Audit of Network Security
3. Audit of Information Technology (IT) Capital Investment
4. Audit of Auction Budget/Financial Management Program
5. Audits of Contractor Timekeeping Practices
6. Audits of Contractor Incurred Costs
7. Followup Audit of Consumer Center Information Technology (IT) Security
8. Followup Audit of the Commission's Purchase Card Program

UNSCHEDULED AUDIT ACTIVITY

1. Audit of Commission Loan Portfolio Activity
2. Audit of Commission Compliance with the Government Information Security Act (GISA)
3. Followup Audit of the Commission's Implementation of GPRA
4. Special Review of Human Capital Management
5. Survey of the Commission's Workplace Violence Program
6. Survey of Cash Forecasting
7. Survey of Treasury Contract Documentation
8. Miscellaneous Contract Audit and Advisory Services
9. Field Inspection Program

ONGOING AUDIT ACTIVITY FROM FY 2000

Audit of the Commission's FY 2000 Financial Statement

AUDIT OBJECTIVE

The overall audit objective is to provide an opinion on the FY 2000 financial statements. This work is part of our continuing effort to support management efforts to bring the FCC's financial accounting and reporting systems into compliance with applicable accounting principles and standards, Federal laws and regulations, and policy guidance.

REASON FOR SELECTION

This represents a continuing effort on the part of the OIG to assist in the improvement of the Commission's financial management. This is important both internally to the Commission's operations and necessary in support of the audit of the Consolidated Financial Statements of the United States. The Department of the Treasury requests "non-CFO" agencies such as the FCC to annually verify financial data submissions recorded in its Federal Agencies' Centralized Trial-Balance System II (FACTS). In response to this request, the FCC prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for the Federal Government to facilitate verification of its FACTS transmissions. FY 1999 was the initial year the FCC prepared an entity-wide financial statement and subjected it to audit.

With the assistance of an independent public accounting firm, the OIG plans to continue the initiatives started in FY 1999 to address reengineering financial management at the FCC. Specific tasks will include addressing identified material weaknesses and reportable conditions from the FY 1999 audit while concentrating on the planned expanded scope of the FY 2000 audit to address additional reporting requirements of the Office of Management and Budget (OMB). Procedures will be performed to comply with OIG audit and verification requirements from OMB and the Department of the Treasury, respectively. Fieldwork on this audit was initiated in August 2000.

BENEFIT TO BE DERIVED

A comprehensive financial statement audit provides management an independent assessment of the Commission's FY 2000 financial statements. Additional benefits include advisory assistance in preparing and issuing financial statements that comply with Federal accounting standards.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Audit of the Commission's Implementation of GPRA

AUDIT OBJECTIVES

Through the transmission of Audit Report No. OIG 98-01 dated March 26, 1999, the OIG provided the Chairman with our initial analysis of Commission activity towards meeting the initial GPRA mandated requirements. The report identified the need to more clearly define specific outcome-oriented performance goals to serve as the basis for the March 31, 2000 Annual Performance Report. The focus of this effort will be directed at identifying measures taken to address the reported finding and independently reviewing and assessing the Commissions' Strategic Plan and initial Annual Performance Report.

REASON FOR SELECTION

The Government Performance and Results Act of 1993 (GPRA) is intended to improve the efficiency and effectiveness of federal programs through the establishment of specific goals for program performance. Specifically, the Act requires the FCC to prepare multi-year Strategic Plans, Annual Performance Plans, and an Annual Performance Report to be issued by March 31 annually, with a first-ever Performance Report to be issued by March 31, 2000. The Director, Office of Management and Budget, has called upon Inspectors General to "assess agencies' technical compliance with the Results Act as well as their capacity to comply from a data and systems perspective." Fieldwork on this audit was initiated in June 2000.

BENEFIT TO BE DERIVED

The audit will provide the Chairman with an independent and comprehensive analysis of the FCC's performance as it seeks to fully address the requirements of the Act.

STRATEGIC OBJECTIVES

Strengthen the Commission's Financial Management Program and Program Management Processes.

Audit of Web Security

AUDIT OBJECTIVES

The objectives of this audit are to: (1) assess the current security posture of the Commission-wide systems providing information to the public via the web; (2) identify vulnerabilities as may exist in general controls; and (3) review application development techniques to ensure that the FCC is not vulnerable to known Web-based external attacks.

REASON FOR SELECTION

Through the use of the Internet, persons can access the FCC directly via our web server. This connectivity gives customers of the FCC open access to the Commission to secure information made available for their use. Likewise, this level of access presents security issues that must be resolved in order to protect the Commission's ability to effectively perform its daily business activities and protect the agency from unauthorized access and disruption to operations. Fieldwork on this audit was initiated in February 2000.

BENEFITS TO BE DERIVED

In the event that weaknesses in the security posture of our web server are identified, specific recommendations to resolve these findings will be provided to the Commission.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

Audit of the Operational Efficiency of Commission Consumer Centers

AUDIT OBJECTIVES

The overall objective of this audit is to evaluate the efficiency and effectiveness of Consumer Center operations. Specific objectives are as follow:

1. Capture the cost of establishing and maintaining the Consumer Centers;
2. Assess the quality of services provided to FCC customers in comparison to other government and private customer service best practices (criteria to encompass hours of operation, length of time parties are placed on hold, etc.);
3. Assess the relevance and reliability of performance measurement tracking systems and information dissemination; and
4. Reach overall opinion as to functionality of the Consumer Centers.

REASON FOR SELECTION

The FCC has invested significant resources in the establishment of customer service centers, called Consumer Centers, at Gettysburg, Pennsylvania and the FCC Portals site in Washington, DC. The Consumer Centers represent the primary conduit by which citizens communicate with the Commission to make complaints about communication services and obtain information on the FCC. To date, no independent evaluations and assessments have been undertaken to evaluate the effectiveness and efficiency of this operation. Fieldwork on this audit was initiated in March 2000.

BENEFITS TO BE DERIVED

Provide an independent and expert evaluation of the operation of the Consumer Center. Identify specific practices that may result in operational and reporting enhancements.

STRATEGIC OBJECTIVE

Strengthen Commission Program Management Processes.

Special Review of Common Carrier Bureau (CCB) Oversight of USAC

SPECIAL REVIEW OBJECTIVES

The objectives of this special review will include:

1. Review of CCB procedures to review USAC decisions, annual submissions, and administrative expenses.
2. Review of CCB procedures to ensure adequate management of the USF, to include collection, disbursement, and investment policies and procedures.
3. Review of CCB procedures to coordinate, monitor, and review the annual independent audit of USAC's books of account.

REASON FOR SELECTION

The Universal Service Administrative Company (USAC) administers the universal service support mechanisms established by the Commission under the Telecommunications Act of 1996. Universal service support includes providing funding for telecommunications services for schools and libraries and high-cost low-income areas in the country. USAC is responsible for billing carriers for their universal service contributions, collecting the contributions, and disbursing the contributions to qualified applicants. The Commission's Common Carrier Bureau (CCB) is responsible for providing oversight and review of USAC's administration of the program. These responsibilities include review of USAC decisions appealed to the Commission, annual review of the support mechanisms and USAC operations, and coordination and approval of the annual independent audit of USAC's books of account.

The Universal Service Fund (USF) is comprised of funds collected by USAC for disbursement to qualified applicants. At the end of fiscal year 1999 (the most recent year audited), the USF was approximately \$1.4 billion.

This audit will be initiated in October 2000, and will be coordinated between the annual financial statement audit, a performance review of CCB oversight, and any procurement-related audits that may be required as a result of USAC operations.

BENEFITS TO BE DERIVED

The benefits of this audit will include assurance that the USF, which represents a U.S. Treasury investment, is adequately managed and protected and that CCB oversight of USAC's operations is consistent with Commission rules and in the public interest.

STRATEGIC OBJECTIVE

Strengthen Commission Program Management Processes.

Followup Special Review of the Collection System

AUDIT OBJECTIVE

The objective of this special review is to: (1) follow-up on specific observations identified in our Special Review Report to ensure appropriate corrective actions have been implemented; (2) examine the process the Commission followed to select the COTS product and evaluate the detailed schedule and plan for implementation; and, (3) evaluate the level of expenditure required to maintain the existing system to ensure that steps are being taken to minimize expenditures.

REASON FOR SELECTION

On September 25, 1998, the OIG issued Special Review Report No. 97-21 entitled "Special Review of the Federal Communications Commission Collection System" summarizing the results of our review of the Collections System. The report identified that the system did not: include all payment transactions; provide clear audit trails for changes made to payment transactions; provide adequate levels of internal controls; reconcile to the General Ledger; and, supported less than thirty percent of desired functionality. The report contained one hundred twenty-eight (128) specific observations in the area of internal controls; business process improvements; policies and procedures; and systems development lifecycle issues. Accordingly, the review team recommended the Commission evaluate, select, and implement a commercial-off-the-shelf (COTS) product to replace the existing system.

This follow-up special review will serve to assess the Commission's efforts to address audit observations and recommendations contained in this program area.

BENEFITS TO BE DERIVED

The Chairman will be informed as to whether corrective actions have been taken or are planned to address prior audit recommendations in this highly visible and sensitive area. The OIG will also report on the processes followed to select the COTS product to replace the existing system and the schedule for this transition.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Survey of Regulatory and Application Fee Collection

SURVEY OBJECTIVES

The survey will assess randomly selected application fee payments to determine whether or not the proper fee was paid and whether or not any licensing any licensing actions were acted upon without all regulatory fees being paid in full.

REASON FOR SELECTION

On November 24, 1998, the OIG issued the Special Review Report entitled “Commercial Mobile Radio Services (CMRS) Licensing and Fee Collection Databases.” The objective of this task was to determine whether the FCC received FY 1997 CMRS Section 9(a) regulatory fees consistent PL 103-66. The OIG reported that the auditors were unable to determine which licensees had paid the required fees within the designated filing period. Subsequently, the General Accounting Office performed analysis in this area and reported that wireless licensees had failed to pay regulatory fees for significant licenses issued by the FCC.

The GAO in their Draft Report entitled “FCC Does Not Know If All Required Fees are Collected” noted deficiencies in the FCC’s tracking, documentation and validation of payment of application fees on the part of entities regulated by the FCC. For example, GAO reports that only one Bureau could provide “information sufficient to show that the fees were paid in nearly all of the cases we selected.”

BENEFITS TO BE DERIVED

Report to Chairman and FCC management as to whether or not any financial deficiencies exist in the Bureau’s processing of fee-required applications. Depending on the results of the survey, an audit of the collection process may be initiated.

STRATEGIC OBJECTIVE

Strengthen the Commission’s Financial Management Program.

Survey of Accounts Payable Disbursements

SURVEY OBJECTIVE

The initial objective will be to search for indicators of questionable or unusual disbursement attributes using advanced audit software. This information resides in the Federal Financial System (FFS) accounts payable database. Any disbursement meeting this definition will be subject to detailed audit scrutiny. This survey will also examine computer controls implemented by the Commission over the disbursement process to determine whether controls effectively restrict access to authorized users.

REASON FOR SELECTION

Disbursements traditionally represent a high risk factor to a business entity. In January 2000, the OIG initiated survey work to validate that disbursements are valid and accurate and supported by appropriate documentation. The OIG used advanced software tools to analyze three quarters of data for FY 2000.

BENEFITS TO BE DERIVED

The review will determine if the Commission's disbursement process is functioning in a manner that minimizes the potential for waste, fraud, abuse and mismanagement.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Survey of Universal Licensing System

SURVEY OBJECTIVE

The objective of the initial survey is to determine whether the ULS is on track to meet the Chairman's goal of streamlining and automating the FCC licensing process. A secondary goal is to determine the extent to which ULS development meets the guidelines of the Information Technology Management Reform Act (IMTRA). Results of this survey work will be assessed and a determination made as to which areas should be the focal point of additional audit activity.

REASON FOR SELECTION

One of the major initiatives the Commission is currently implementing is the Universal Licensing System (ULS). This process is geared towards streamlining through automation the FCC licensing process. This initiative represents a significant component of the Chairman's initiative outlined in the FCC Strategic Plan for creating a paperless FCC that promotes one-stop shopping. The FCC has committed significant financial resources towards meeting this objective. The OIG will perform survey work and subsequently conduct audit fieldwork of selective components of the ULS.

BENEFITS TO BE DERIVED

The initial survey and subsequent audit fieldwork will provide the Commission with an independent analysis of ULS development activities and related expenditure of funds.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

Survey of MDS/ITFS System

SURVEY OBJECTIVE

The objective of the survey is to assess whether the Mass Media Bureau (MMB) developed and implemented the system in an economic and efficient manner by: (1) obtaining information about the MDS/ITFS development project, (2) interviewing FCC project officials, and (3) reviewing project contract documents and correspondence; reporting the survey results to the Inspector General; and recommending the courses of action, if any, that should be taken.

REASON FOR SELECTION

In FY 1996, MMB began developing the Multipoint Distribution System/Instructional TV, Fixed Services System (MDS/ITFS) for licenses awarded through auctions in order to efficiently process and issue licenses for broadcast stations. MMB's goals for implementing MDS/ITFS included streamlining staff resources; providing a fast, efficient processing method for furthering competition in the mass media spectrum area; and improving public access to broadcast records. The FCC committed significant financial resources toward meeting this objective. The OIG will continue performing the survey work it started in FY 2000 of MMB's MDS/ITFS development and implementation.

BENEFITS TO BE DERIVED

The initial survey and subsequent audit fieldwork will provide the Commission with an independent analysis of MDS/ITFS development activities and related expenditure of funds.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

PLANNED AUDIT ACTIVITY IN FY 2001

Audit of the Commission's FY 2001 Financial Statement

AUDIT OBJECTIVE

The overall audit objective is to provide an opinion on the FY 2001 financial statements. This work is part of our continuing effort to support management efforts to align the FCC's financial accounting and reporting systems with applicable accounting principles and standards, Federal laws and regulations, and policy guidance.

REASON FOR SELECTION

This represents a continuing effort on the part of the OIG to assist in the improvement of the Commission's financial management. This is important both internally to the Commission's operations and necessary in support of the audit of the Consolidated Financial Statements of the United States. The Department of the Treasury requests "non-CFO" agencies such as the FCC to annually verify financial data submissions recorded in its Federal Agencies' Centralized Trial-Balance System II (FACTS). In response to this request, the FCC prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for the Federal Government to facilitate verification of its FACTS transmissions.

With the assistance of an independent public accounting firm, the OIG plans to continue initiatives to address reengineering financial management at the FCC. Specific tasks will include performing procedures necessary to comply with OIG audit and verification requirements from OMB and the Department of the Treasury, respectively. Follow-up procedures will address any identified material weaknesses and reportable conditions from the FY 2000 audit.

BENEFIT TO BE DERIVED

A comprehensive financial statement audit provides management an independent assessment of the Commission's FY 2000 financial statements. Additional benefits include advisory assistance in preparing and issuing financial statements that comply with Federal accounting standards.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Audit of Network Security

AUDIT OBJECTIVE

The objective of this audit will be to examine the Information Technology (IT) environment supporting the FCC's network infrastructure to ensure that the systems are adequately secured consistent with Federal regulations governing the management of critical information systems. The OIG will review major categories of general controls associated with the network security such as access controls, service continuity and security program planning and management. The scope of this audit will include the network infrastructure managed by the Office of Managing Director's Information Technology Center (ITC) and the Auctions and Industry Analysis Division of the Wireless Telecommunications Bureau.

REASON FOR SELECTION

The FCC is dedicated to provide its employees, and customers with an up-to-date and secure network infrastructure. The FCC places reliance upon state-of-the-art technology tools to secure the network, quickly identify possible threats, and reduce the risks. Based upon factors including the high visibility of network security problems, criticality of functions and significant financial investment in the automated systems, the OIG believes that audit of network security is warranted.

BENEFITS TO BE DERIVED

The audit will assess and report upon the adequacy of internal controls over the network infrastructure maintained by the FCC. Specific recommendations, as warranted, will be developed to address any internal control deficiencies identified during the conduct of audit fieldwork.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

Audit of Information Technology (IT) Capital Investment

AUDIT OBJECTIVES

The objective of this audit will be to examine the FCC's IT capital investment process to determine its effectiveness and its compliance with Circular A-130.

REASON FOR SELECTION

The FCC has invested significant resources and capital in the development of information technology (IT). For example, two information systems, Auctions and the Universal Licensing System (ULS) together represent a cost of nearly fifty million dollars. To manage and control such large IT expenditures, it is essential that an agency use a capital investment process. Federal regulations require that an agency use a capital investment process. Office of Management and Budget (OMB) Circular A-130, has been revised to require agencies such as the FCC to establish and maintain a capital planning and investment control process for information technology. To date, no independent evaluations and assessments have been undertaken to evaluate the effectiveness and efficiency of this process.

BENEFITS TO BE DERIVED

The audit will assess and report upon the adequacy of FCC's IT capital investment process. Specific recommendations, as warranted, will be developed to address any deficiencies identified during the conduct of audit fieldwork.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

Audit of Auction Budget and Financial Management Process

AUDIT OBJECTIVES

The objective of this audit is to evaluate the Commission's auction budget and financial management program to determine if the program duplicates operations being performed within the Office of Managing Director (OMD).

REASON FOR SELECTION

The Managing Director requested this audit in response to our request for input into the FY 2001 Audit Plan. In his request, the Managing Director asked the OIG to explore the "reasons for two separate procedures, staff and processes."

BENEFITS TO BE DERIVED

The review will identify those areas where duplication exists between the auction budget and financial management process and the OMD operations and make recommendations for eliminating that duplication.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program and Program Management Processes.

Audits of Contractor Timekeeping Practices

AUDIT OBJECTIVES

The objective of these audits is to evaluate the adequacy of and contractor compliance with its labor accounting system's internal controls and to assess the control risk for the allowability and allocability of labor costs charged and billed to the FCC. To accomplish this objective the, the OIG will coordinate with the Contracts and Purchasing Center plans to conduct 3 to 4 labor timekeeping reviews each quarter basis throughout FY 2001. Performing 12 to 16 of these reviews annually will: (1) increase contractor awareness of their need to establish and maintain strong labor charging accounting controls and (2) provide increased performance oversight over contractors providing goods and services to the Commission.

REASON FOR SELECTION

The risks associated with the accurate recording, distribution, and payment of labor are almost always significant, primarily because labor costs are usually the most significant costs charged on government contracts and contractor personnel have complete control over their time cards or other timekeeping documents. To address this and other contract related areas, the OIG established a collaborative working relationship with the Chief, Contracts and Purchasing Center, to oversee and monitor contractors' performance when providing products and services to the Commission. Because a large number of FCC contracts are time and material (T&M) service type contracts, the OIG performs audits of contractor timekeeping practices to determine whether contractors have established sound labor time reporting internal control policies and procedures. OIG review of contractors' timekeeping policies and procedures provide the Commission's contracting officer technical representatives (COTR) with insight into the internal controls contractors should require from their employees and provides a basis for reviewing a contractor's monthly billings.

BENEFITS TO BE DERIVED

OIG labor floor check reviews have resulted in findings that have significantly benefited the FCC, ranging from uncovering contract fraud to providing COTRs with an increased level of assurance for approving monthly invoice billings. Continued reviews of this type will increase contractor awareness of the need for strong labor charging accounting controls when providing goods and services to the Commission.

STRATEGIC OBJECTIVE

Strengthen the Commission's Procurement Process.

Audits of Contractor Incurred Costs

AUDIT OBJECTIVES

The primary objective is to examine a contractor's cost representations (such as interim and final public vouchers, progress payments, incurred cost submissions, termination claims, etc.) and express an opinion as to whether such incurred costs are reasonable; applicable to the contract; and not prohibited by the contract, statute or regulation, or by decision of or agreement with the contracting officer. To accomplish this, in addition to audits of final cost submissions, the OIG will coordinate with Commission contracting officers to select and audit costs claimed in monthly billings throughout the year.

REASON FOR SELECTION

Under time and materials (T&M) contract vehicles, contractors have been assisting the Commission by providing support services and developing applications to help the FCC pursue its missions. This cooperative effort has resulted in significant monetary recoveries to the Government. However, because these contracts tend to be multi-year contracts for services or deliverables with maintenance and enhancement tasks, few contracts have been formally closed out. OIG audit of contractor interim billings, as well as final incurred cost audits, would provide the contracting officer with timely information on the allowability, allocability, and reasonableness of costs charged to the Government under reimbursable contracting activity.

BENEFITS TO BE DERIVED

OIG incurred cost audits have resulted in tremendous benefits to the FCC, including recovering significant dollars from contractor claims to discovering a contractor fraud scheme. Initiating interim incurred cost audits will enhance the Commission's economy and efficiency of operations by overseeing costs claimed under reimbursable contracts.

STRATEGIC OBJECTIVE

Strengthen the Commission's Procurement Process.

Followup Audit of Consumer Center **Information Technology (IT) Security**

AUDIT OBJECTIVES

The objectives of this review are to: (1) follow-up on specific observations identified in our Report to ensure appropriate corrective actions have been implemented; and, (2) evaluate the information systems security posture of the Consumer Center.

REASON FOR SELECTION

On June 21, 2000, the OIG issued Special Review Report No. 00-AUD-01-12 entitled "Report on Audit of Computer Controls at the FCC National Call Center" summarizing the results of our review of Information Technology (IT) at the FCC Consumer Center, formerly known as the National Call Center. The report noted that significant technical control and internal control improvements could be made to improve the overall security posture of the Consumer Center. The report contained one hundred three (103) specific observations in the area of internal controls including; Security Program Planning and Management, Access Controls, Application Software Development and Change Controls, System Software, Segregation of Duties, and Service Continuity. Accordingly, the review team concluded that the computer system general controls as implemented at the Consumer Center are not sufficient to meet minimum security requirements.

This follow-up review will serve to assess the Commission's efforts to address audit observations and recommendations contained in this program area.

BENEFITS TO BE DERIVED

The Chairman will be informed as to whether corrective actions have been taken or are planned to address prior audit recommendations in this highly visible and sensitive area. The OIG will also report on the information systems security posture of the Consumer Center.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Management Program.

Followup Audit of the Commission's Purchase Card Program

AUDIT OBJECTIVES

The follow-up audit objectives include reexamining the FCC purchase card program to determine whether (1) card holders and approving officials are now complying with the prescribed policies and procedures and, (2) the purchase card program controls and infrastructure sufficiently support card holder and approving official purchase activities.

REASON FOR SELECTION

In its May 6, 1999 audit report, entitled "Report on Audit of the Federal Communications Commission Purchase Card Program", the OIG found that the Commission had developed comprehensive purchase card program policies and procedures, but most purchase card approving officials failed to require their cardholders to complete the mandatory "Checklist C-1." FCC management concurred with this finding and stated that they would initiate random audits to verify compliance and would revoke purchase card privileges from individuals that do not comply. Because of the above significant finding, this program needs to be revisited.

BENEFITS TO BE DERIVED

This audit will assess and report upon compliance with established purchase card program policies and procedures, which streamlines the Commission's acquisition process in compliance with the Federal Acquisition Streamlining Act of 1994.

STRATEGIC OBJECTIVE

Strengthen the Commission's Procurement Process.

UNSCHEDULED AUDIT ACTIVITY

Audit of Commission Loan Portfolio Activity

AUDIT OBJECTIVES

Audit objectives include a review of RAMIS as a fundamental financial system with emphasis on loan module applications. Audit scope will require a system review utilizing applicable Joint Financial Management Improvement Program's (JFMIP) Federal Financial Management System Requirements. Related objectives includes an assessment of the internal control and oversight exercised by the Commission relating to its third party loan servicer and loan program activities.

REASON FOR SELECTION

During FY 2000, FCC implemented significant changes to its loan portfolio environment. A new operating system, the Revenue Accounting and Management Information System (RAMIS), became the system of record for loan activity. Additionally, FCC contracted with a third-party loan servicer to perform most fundamental loan activities, including but not limited to, loan file retention, record management, payment receipt processing, and billing. Inherently, both of these changes subject FCC's loan activity to increased risk.

Furthermore, the line items resulting from loan activity are, by far, the most material items on the Commission's annual financial statements. The risk associated with such change has impact to the financial statement process and audit thereof.

BENEFIT TO BE DERIVED

The audit provides Commission management with a comprehensive analysis of the RAMIS loan module and the impact of any risks associated with such changes to the loan portfolio activity.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

**Audit of Commission Compliance with the Government
Information Security Act (GISA)**

AUDIT OBJECTIVE

The overall audit objective is to provide an independent assessment of the FCC's information security posture. This work is part of our continuing effort to support the Chief Information Officer in his efforts to bring the FCC's information security systems into compliance with applicable laws, regulations and circulars.

REASON FOR SELECTION

The Government Information Security Act (GISA) is intended to improve the efficiency and effectiveness of federal programs through the establishment of specific goals for program performance. GIRA has been introduced into the United States Senate as Senate Bill 1993.

Specifically, the act requires agencies to have an annual independent audit of their information security and practices, performed by the Inspector General or by an independent external auditor, as determined by the Inspector General of the agency. The results of this evaluation shall be submitted to the Chairman by March 1st. The performance of this audit is dependent upon the passage of GISA into law.

BENEFIT TO BE DERIVED

The audit will provide the Chairman with an independent and comprehensive analysis of the FCC's information security posture as it seeks to fully address the requirements of the Act.

STRATEGIC OBJECTIVE

Strengthen the Commission's Information Technology Program.

Followup Audit of the Commission's Implementation of GPRA

AUDIT OBJECTIVE

The focus of this effort will be to provide independent review and assessment of the Commissions' FY 2000 GPRA initiatives. Procedures directed at identifying measures taken to address any reported findings from the FY 1999 audit and independently reviewing and assessing the Commissions' FY 2000 Strategic Plan and Annual Performance Report will be performed.

REASON FOR SELECTION

The Government Performance and Results Act of 1993 (GPRA) is intended to improve the efficiency and effectiveness of federal programs through the establishment of specific goals for program performance. Specifically, the Act requires the FCC to prepare multi-year Strategic Plans, Annual Performance Plans, and an Annual Performance Report to be issued by March 31 annually. The Director, Office of Management and Budget, has called upon Inspectors General to "assess agencies' technical compliance with the Results Act as well as their capacity to comply from a data and systems perspective."

BENEFIT TO BE DERIVED

The audit will provide the Chairman with an independent and comprehensive analysis of the FCC's performance as it addresses the requirements of the Act.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Special Review of Human Capital Management

SPECIAL REVIEW OBJECTIVES

The primary objectives of this special review will be to:

1. Determine if the FCC has implemented a workforce planning strategy that complements both the FCC strategic plan and the Government Performance and Results Act (GPRA) performance plan(s).
2. Identify FCC human capital management practices and compare those to recognized industry and government standards.
3. Determine the status of the FCC knowledge management plan.

Our special review scope will be based in part on the General Accounting Office Report entitled "HUMAN CAPITAL: A Self-Assessment Checklist for Agency Leaders."

REASON FOR SELECTION

Industry and government at all levels are becoming increasingly aware that their greatest capital resource is their human resource. The ability of an agency's workforce to meet current mission requirements, as well as adapt to new responsibilities that may be very different from the current workload, requires a cohesive plan that addresses management of and investment in the human resource. The FCC employs a workforce of individuals with a broad spectrum of technical and program skills, and the ability to capture, expand and use those skills in an efficient and effective manner is critical in order for the Commission to meet ever-increasing customer service requirements.

The Office of Engineering and Technology (OET) and the Office of the Managing Director (OMD) are developing a knowledge management strategy that is intended to be aligned with the FCC's strategic plan. A report was issued in February 2000 that analyzes the results of a survey of FCC managers and employees on current knowledge management practices and tools used by the FCC and makes recommendations to effectively implement knowledge management objectives.

BENEFITS TO BE DERIVED

This special review will result in an independent assessment of the Commission's efforts to manage its human capital resource and implement an effective knowledge management strategy.

STRATEGIC OBJECTIVE

Strengthen Commission Program Management Processes.

Survey of the Commission's Workplace Violence Program

SURVEY OBJECTIVE

This review will initially be conducted as a survey. The results of the survey will be a risk assessment that will identify the Commission's exposure to potential workplace violence. OIG has issued a Request for Proposal for contractual consultant services to evaluate existing FCC personal safety and security policies and programs, conduct violence potential analyses, and perform physical security reviews. Based upon the results of the initial survey, we will conduct further reviews of high-risk areas in the Commission's program.

Since this survey is dependent upon award and funding of an as yet undefinitized commitment, OIG has not scheduled this effort.

REASON FOR SELECTION

Workplace violence and safety includes a gamut of events that range from the very rare occurrence of an "office gunman" to more common safety concerns such as adequate lighting in parking areas. Both actual acts of violence and employees' anxiety about security can adversely impact the efficiency and effectiveness of Commission operations. The OIG and the Commission have reviewed aspects of the workplace violence program (including physical security studies); however, several critical portions of the program and the overall effectiveness of the program have not been assessed.

BENEFITS TO BE DERIVED

Ensuring that a well-defined workplace violence and safety program is in place and functioning properly will mitigate the risk and impact of violence and safety issues on the organization, and help Commission employees recognize and respond appropriately to potential and actual incidents of workplace violence.

STRATEGIC OBJECTIVE

Strengthen Commission Program Management Processes.

Survey of Cash Forecasting

SURVEY OBJECTIVES

This survey will assess the Commission's compliance with Department of the Treasury cash forecasting requirements.

REASON FOR SELECTION

During FY 2000, the Department of the Treasury requested that the Commission be brought into compliance with cash forecasting requirements and that the Commission update the current cash forecast regarding the 700 MHz auction and the C-Block Recoveries. Historically, the Commission has had difficulty complying with Treasury's cash forecasting requirements.

BENEFITS TO BE DERIVED

This survey will provide the FCC with an independent assessment of what it needs to do to come into compliance with Treasury's requirements.

STRATEGIC OBJECTIVE

Strengthen the Commission's Financial Management Program.

Survey of Treasury Contract Documentation

REASON FOR SELECTION

Over the last few years the FCC has significantly increased the responsibilities of its major lockbox bank, Mellon Bank, in Pittsburgh through the Treasury's Financial Management Service (FMS). The FCC is at some risk because the contractual document, the Memorandum-of-Understanding(s) between the three parties has not been revised for some time. While the individual lockbox instructions may reflect current processing, the contract should also represent all current agreements.

SURVEY OBJECTIVES

This survey will assess the state of the contractual documentation between Treasury/FMS, Mellon Bank, and the FCC.

BENEFITS TO BE DERIVED

This survey will provide the FCC with an independent assessment of the state of the three-way agreement between the parties and what needs to be done to bring it into a current condition.

STRATEGIC OBJECTIVE

Strengthen the Commission's financial management program.

Contract Audit and Advisory Services

AUDIT OBJECTIVES

On an on-going basis, OIG auditors will work with the Contracts and Purchasing Center staff and their representatives (COTRs) to optimize procurement operations by providing contract and financial advisory services and perform procurement audits (such as proposal audits, billing system reviews, contractor performance reviews, etc.).

REASON FOR SELECTION

Over the last four years, the OIG has been working with the Chief, Contracts and Purchasing Center in contractor performance oversight by conducting contract related audits and advisory services. This cooperative effort has resulted in significant monetary recoveries, cost savings, removal of contractor personnel for inappropriate behavior, and increased contract performance efficiency. Because the FCC continues to increase contracting out for goods and services, the OIG anticipates the need for unscheduled contract audit and advisory services to increase.

BENEFITS TO BE DERIVED

By working cooperatively with the Contracts and Purchasing Center, the OIG will help maximize use of the Commission's limited funding and will accomplish one of its strategic objectives by promoting operational efficiency and preventing waste, fraud, and abuse in the Commission's contracting area.

STRATEGIC OBJECTIVE

Strengthen the Commission's Procurement Process.

Field Inspection Program (FIP)

INSPECTION OBJECTIVE

The objective of the inspection program is to provide an independent and impartial perspective to FCC management of field operations. The inspection team strives to identify such things as impediments to operational effectiveness, best practices that can be exported field wide, and ideas to facilitate overall FCC mission accomplishment.

REASON FOR SELECTION

The OIG has completed a series of three successful Field Inspections Program (FIP) reviews since program inception in 1995. By visiting field offices and resident agents, the OIG has the opportunity to evaluate the effectiveness and efficiency of these locations and assess the internal control environment. By visiting and meeting with field personnel, the OIG can identify impediments to successful mission accomplishment and put forth recommendations for corrective action. The conduct of an independent FIP in FY 2000 will be especially important in light of the major reorganization resulting in the creation of the Enforcement Bureau.

BENEFITS TO BE DERIVED

Each inspection cycle has resulted in specific findings that were recognized by management. Independent and thoughtful examination and analysis by OIG staff can result in the identification of specific practices or operations that can provide benefit to the field and Commission as a whole. The OIG will present the Commission with feedback as to the operational impact of the FCC reorganization.

STRATEGIC OBJECTIVE

Strengthen Commission Program Management Processes.